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Attorneys for Defendant
GORDON HOWARD ASSOCIATES, INC.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

On Behalf of PARKRIDGE LIMITED, a Hong
Kong corporation, by Mabel Mak, and MABEL
MAK, an individual,
Plaintiffs,

v.

INDYZEN, INC., a California corporation, and
PRAVEEN NARRA KUMAR, an individual,
Defendants.

Case No.:

COMPLAINT

DEMAND FOR JURY TRIAL

COMPLAINT

Plaintiff Parkridge Limited was founded in 2013 to create a mobile software application combining health and fitness information with social media networking. Possessing limited technical expertise himself, Parkridge's CEO, Randy Dobson ("Dobson"), discussed a potential collaboration with Praveen Narra Kumar ("Narra"), due to Narra's self-proclaimed experience in software development. Following these discussions, Narra was appointed as Chief Technology Officer ("CTO") of Parkridge. Rather than providing Parkridge with its best option, Narra took advantage of his position, failed to fulfill his obligations as CTO of Parkridge, and used his own independent software company, Indyzen, Inc., to develop the mobile app to the disastrous detriment of Parkridge. Indyzen charged Parkridge exorbitant prices for developing a mobile app that not only did not work, but was grossly inferior to comparable apps in the industry. In short, Narra abused his position as CTO to siphon money from Parkridge to benefit himself and his company, Indyzen. Narra's and Indyzen's conduct constitutes breaches of fiduciary duties under California and Hong Kong law, aiding and abetting breach of fiduciary duties under California law, breach of contract, fraudulent misrepresentation, and fraudulent concealment under California law.

PARTIES

1. Plaintiff Parkridge Limited ("Parkridge") is a company established under the laws of Hong Kong, with its principle place of business at The Landmark 15 Queen's Rd. Central 8/F Gloucester Tower, Central Hong Kong, China.

2. Plaintiff Mabel Mak ("Mak") is an individual with a passport issued by the Government of Hong Kong, and resides at 11A Bo Shek Mansion Block 1, 328 Sha Tsui Road, Tsuen Wan, Hong Kong.

1 11. Narra then pitched his services to assist with the technical side of the Morfit App,
2 stating that his background and expertise are in application and software development, including
3 founding companies, and that he owned and was the Chief Executive Officer (“CEO”) of a software
4 development company known as Indyzen.

5 12. Parkridge was formed on August 23, 2013.

6 13. Narra requested that his father, Parasurama Naidu Narra (“Naidu Narra”) be listed as
7 the shareholder in the shareholders’ agreement for the new company, Parkridge. Mabel Mak
8 (“Mak”) and Naidu Narra (instead of Narra) executed the Shareholders Agreement (“SH
9 Agreement”) for Parkridge on January 1, 2015. Exh. A. The SH Agreement gave Mak 7000 shares,
10 equivalent to 70% of the total shares, in exchange for her: (1) industry expertise in the business; (2)
11 professional support; (3) a promise to register all of Parkridge’s intellectual property; and, (4) initial
12 funding of Parkridge up to a maximum amount of \$1,000,000 in the form of a loan. Exh. A.
13

14 14. The SH Agreement permitted Naidu Narra 3000 shares, equivalent to 30% of the
15 total shares, in exchange for his promises to: (1) have his son, Narra, provide software development
16 industry expertise to develop, operate, and maintain the Morfit app; (2) have Narra serve as CTO of
17 Parkridge; (3) have Narra lead development of the Morfit App to successfully achieve Beta
18 Version; and, (4) have Indyzen offer a \$300,000 discount to develop the Morfit App. Exh. A.
19

20 15. Mak appointed two individuals (including Dobson) as Directors of Parkridge, each
21 with 35% voting power.
22

23 16. Dobson is Parkridge’s Director, Chairman, and Chief Executive Officer (“CEO”).

24 17. Naidu Narra appointed his son, Narra, as a Director of Parkridge, with 30% voting
25 power.

26 18. Dobson and Narra then entered into discussions in California to collaborate and use
27 Parkridge to develop and implement the Morfit App. Narra would serve as Chief Technology
28

1 Officer of Parkridge and oversee the development of the Morfit App, while Dobson would provide
2 the conceptual and business expertise.

3
4 **Development of the Morfit App**

5 19. Dobson told Narra that they would be relying on Narra's expertise in all technical
6 matters.

7 20. Dobson asked Narra to vet a real-time software computing company known as
8 TIBCO (The Information Bus Company) Software Inc. ("TIBCO") to determine if it was qualified
9 to build the Morfit App.

10 21. Dobson and Narra communicated to TIBCO that the Morfit App is meant to be
11 primarily a mobile platform.

12 22. Based on Narra's recommendation, Parkridge hired TIBCO to develop the Morfit
13 App, memorialized in a work order dated November 13, 2013.

14 23. However, Narra knew that TIBCO did not have mobile expertise.

15 24. During the following year, Dobson flew out to California with Narra on a quarterly
16 basis, with Narra being in charge of managing and overseeing TIBCO's progress with the Morfit
17 App.
18

19 25. Narra failed to monitor TIBCO's progress with the Morfit App, in particular, that it
20 was developing a mobile platform.

21 26. Under Narra's management as Chief Technology Officer of Parkridge, TIBCO
22 delivered only a desktop platform and failed to deliver the Morfit App that Parkridge had requested.
23

24 27. Even after many delays and chances to fix the app were given, the correct form of
25 the Morfit app – the mobile platform – was never delivered.
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27
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1 37. When the December 2015 launch date arrived, the Morfit App still failed to meet
2 industry standards, let alone those agreed-upon by the parties. So the Morfit App still could not be
3 released.

4 38. At about the same time, Dobson appointed another Chief Technology Officer, Martin
5 Papy (“Papy”), to a sister company of Parkridge, and gave him power to oversee all technological
6 matters for the related group of companies.

7 39. Papy quickly identified many issues with Indyzen’s development of the Morfit App,
8 and requested Indyzen’s documentation for the development of the Morfit App.
9

10 40. Despite Papy’s requests, Indyzen and Narra refused to provide any documentation
11 relating to the project. Instead, they demanded payment-in-full from Parkridge and that 30% of the
12 shares in Parkridge be transferred to Narra’s father, Parasurama Naidu Narra, prior to allowing
13 Parkridge to see any documents.

14 41. Despite not receiving a functional app, and in a good faith effort to resolve the
15 dispute, Parkridge paid Indyzen the amount it requested.
16

17 42. Even after payment of the requested fee, neither Narra nor Indyzen delivered the
18 requested documents or a functioning Morfit App.

19 **THE AGREEMENT BETWEEN PARKRIDGE & INDYZEN**

20 43. Following the termination of the relationship between Parkridge and TIBCO, Narra,
21 as CTO of Parkridge and CEO of Indyzen, advised Dobson and Parkridge what resources, skills and
22 design specifications would be needed in order to develop the Morfit App. Narra further promised
23 an extensive set of characteristics that would be developed for the Morfit App, which included, but
24 were not limited to, personality matching, open API, social media, geolocation, augmented reality,
25 and facial recognition capabilities.
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1 44. Acting as both CEO of Indyzen and CTO of Parkridge, Narra proposed, developed,
2 and negotiated the Agreement in the best interests of Indyzen, to the detriment of Parkridge.

3 45. Narra had previously promised to give a 50% discount to Parkridge on the labor rate
4 for the development of the Morfit App. However, it later turned out that Narra's and Indyzen's
5 "discount" rate was actually the standard rate for developers from that region.

6 46. On January 5, 2015, Parkridge executed the Software Development and Licensing
7 Agreement ("Agreement") with Indyzen to develop the Morfit App. Exh. B.

8 47. Indyzen was to develop the Morfit App for Web, iOS and Android platforms, and the
9 Morfit App was to meet various functional specifications, listed in greater detail in Exh. B at 9 and
10 10.

11 48. Ultimately, the Morfit App, as described in the Agreement, was never delivered by
12 Indyzen.

13 49. During Phase I of development of the Morfit App, the total price for the above
14 services was to be \$420,000, but was discounted by \$300,000, so the total due for Phase I by
15 Parkridge was \$120,000.

16 50. Parkridge paid Indyzen \$40,000 for Phase I on January 21, 2015, and \$80,000 on
17 May 19, 2015, for a total of \$120,000.

18 51. Phase II began on May 16, 2015, and as promised by Narra, and pursuant to the
19 Agreement, Indyzen was to allocate a 24-person team of full-time personnel who would work an
20 average of at least 40 hours per week to develop the application.

21 52. Pursuant to "Schedule A" of the Agreement, Parkridge was to pay Indyzen any fees
22 incurred in relation to the services in Phase II on a monthly basis, with 50% being paid by Parkridge
23 within 14 business days of receiving an invoice, and 50% of the fee being treated as a loan made by
24 Indyzen to Parkridge. Exh. B.

53. However, Narra and Indyzen charged Parkridge a “loan” rate substantially higher than the industry average.

54. Between August 2015 and December 2015, Parkridge paid Indyzen \$300,000 during Phase II, with the payment schedule occurring as follows:

Payment Date	Payment Amount
August 7, 2015	\$50,000
August 7, 2015	\$50,000
October 26, 2015	\$50,000
October 26, 2015	\$50,000
December 18, 2015	\$50,000
December 18, 2015	\$50,000
Total Paid in Phase II	\$300,000

55. During Phase I and II of the Morfit App’s development, Narra consulted for Parkridge, however, given his role as Indyzen’s CEO and Parkridge’s CTO, he had no oversight. In other words, Narra acted as the point of contact for both corporations, despite the apparent conflict of interest.

56. Narra was able to do this because he knew Dobson relied on him for all technical matters, and that Narra would be guiding Dobson’s acceptance and quality approval for the Morfit App during Phase I and Phase II with Indyzen.

57. Additionally, pursuant to clause 3(c) of the Agreement, “Indyzen may not withhold delivery of any work product produced in accordance with Schedule ‘A’ and paid for by Parkridge...” Exh. B.

INDYZEN & NARRA'S CONDUCT

58. During Phase I, neither Narra nor Indyzen provided helpful consultations or presentations on the status of the Morfit App's platform and technical design decisions, despite being part of Narra's obligations as Parkridge's CTO.

59. Because development was taking so long, Dobson sought a second opinion in January 2016 regarding development of the Morfit App. A number of industry experts and professionals advised that the price paid for Indyzen's services massively exceeded market standards and that, relative to the price, the quality of the Morfit App was extremely low.

60. Some consultants in the field were so shocked that they said Parkridge was "substantially ripped off," and that it could have obtained the same "generic" application at "a fraction of the cost."

61. They also said that there is "categorically no way that 24 qualified developers were working on this software for the last 9 months."

62. Phase II came to a halt around February 2016 due to disagreement between Parkridge and Indyzen about the direction of the Morfit App.

63. Despite a 24-person team spending 9 months developing the Morfit App, Indyzen failed to meet many of the Agreement's functional specifications.

64. For instance, under the Web portal segment, the registration and log-in features are nonfunctional, rendering the rest of the features under this segment obsolete.

65. iOS users were not able to sign-in or register with Facebook, instead, the device went into a loop.

66. Web users could not create or add information to their profile, while iOS, Android, and Web users could only partially edit profile info, including profile photo. Nor could iOS and Android users consistently see their profile page, followers, or friends.

1 67. For iOS, Android and Web users, the platform caps video uploaded at 8.5MB.

2 68. iOS, Android and Web users were unable to scroll their newsfeed, tap a notification
3 to go to the corresponding post, load additional posts, or receive notifications for comments.

4 69. Indyzen failed to deliver the Morfit App or any other deliverables produced in
5 accordance with Schedule A, Phase I, or Phase II, to Parkridge.

6 70. Accordingly, Parkridge could not verify whether iOS, Android or Web users could
7 chat with friends via the Morfit App, or whether the Morfit App was built using third party and/or
8 open source software modules.
9

10 71. Indyzen also refuses to provide Parkridge with the source or object code of the
11 Morfit App.

12 72. Indyzen's ongoing delay has prevented Parkridge from launching the Morfit App on
13 time, or at all.

14 73. Because of these delays, Parkridge has lost and is continuing to lose business,
15 goodwill, customers, and is failing to fulfill promises to third parties.
16

17 74. Parkridge has repeatedly requested that Indyzen and/or Narra cease withholding
18 delivery of its products.

19 75. Defendants, however, have rejected all of Plaintiff's reasonable requests to settle the
20 matter amicably.

21 76. In order for Parkridge to authorize certain decisions, like commencing litigation, the
22 directors who together represent at least 80% of Parkridge's total share capital have to unanimously
23 agree to authorize the matter, but because Narra's father purports to be a shareholder, his consent
24 would purportedly be required and given but for his relationship with his son.
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COUNT I
BREACH OF FIDUCIARY DUTY UNDER CALIFORNIA LAW

77. Parkridge and Mak incorporate the allegations from the preceding paragraphs 1-76 as if fully set forth herein.

78. As Director, Vice Chairman and CTO of Parkridge, Narra owed fiduciary duties of good faith, care, and loyalty to Parkridge.

79. As a Director and CTO at Parkridge, Narra had a duty to use the amount of care which an ordinarily careful and prudent person would use in similar circumstances, and to consider all material information reasonably available.

80. As a Director and CTO at Parkridge, Narra had a duty of loyalty to place Parkridge's interests above any interest he possessed that was not shared by Parkridge generally.

81. As a Director and CTO of Parkridge, Narra had a duty of good faith not to intentionally fail to act where he has a known duty to act.

82. Narra controlled and was founder and CEO of Indyzen, which entered into an Agreement with Parkridge on January 5, 2015, to build the Morfit App. As a result, Narra had a competing interest in, and failed to act in an independent manner for the benefit of Parkridge with respect to, the Agreement between Indyzen and Parkridge.

83. Also, because at least 80% of Parkridge's total share capital was required to consent to commencing litigation, and Narra's voting power would ostensibly equal 30%, any proposal by the other directors (as nominated by Mak) to commence litigation against Narra and Indyzen would have been futile.

84. Narra proposed, led negotiations, and facilitated the Agreement between Parkridge and Indyzen, convincing Dobson that such proposals and negotiations were favorable to Parkridge.

1 85. As CEO of Indyzen, Narra controlled Indyzen and accordingly, at the time he made
2 the misrepresentations, he knew and/or had no reasonable ground to believe that Indyzen was the
3 best possible value for software development services.

4 86. Narra intended to induce Parkridge to contract with Indyzen so that he, as CEO of
5 Indyzen, and Indyzen, his company, could profit from the Agreement with Parkridge, to the
6 detriment of Parkridge.

7 87. At the time that Narra misrepresented that Indyzen was the best value for software
8 development, Narra intended to make a substantial profit by overcharging Parkridge for an inferior
9 application.
10

11 88. In other words, Narra acted in his own interests, and/or the interests of entities other
12 than Parkridge, in facilitating the Agreement, even though he knew, or was recklessly or grossly
13 negligent in not knowing, that it would result in harm to Parkridge.

14 89. At a minimum, Narra was willfully blind to the foreseeable disastrous consequences
15 of the Agreement, and acted with gross negligence and/or recklessness in advocating for and
16 facilitating a transaction that would result in harm to Parkridge.
17

18 90. Narra failed to exercise the necessary care, and breached his respective duties of
19 good faith, care, and loyalty.

20 91. Narra breached his duties by engaging in self-dealing by advocating for and
21 facilitating execution of the Agreement with Indyzen even though it favored interests (including his
22 own) other than those of Parkridge, which he was obligated, as its CTO, to serve.
23

24 92. Narra also breached his duties by engaging in self-dealing by representing to
25 Parkridge, which he was obligated as its CTO to serve, that Indyzen had the skills and know-how to
26 successfully develop the Morfit App, when it did not.
27
28

1 93. Narra further breached his duties by engaging in self-dealing by representing to
2 Parkridge, which he was obligated as its CTO to serve, that the price Indyzen offered was the best
3 possible value for the Morfit App, despite knowing that the Morfit App could be built at a lower
4 price.

5 94. Furthermore, Narra breached his duties by engaging in self-dealing by representing
6 to Parkridge, which he was obligated as its CTO to serve, that Indyzen would make the Morfit App
7 operational in time for Parkridge's planned launch, when he either knew Indyzen could not do so or
8 he had no reasonable basis for believing Indyzen could do so.

9 95. Additionally, Narra breached his duties by designing the Agreement to benefit
10 himself and his company, and not in a genuine effort to advance the welfare of Parkridge.

11 96. Narra also breached his duties by acting in bad faith and failing in his duty as
12 Parkridge's CTO, to make a reasonable inquiry about other entities, aside from his own, that could
13 have successfully built the Morfit App at a lower price.
14

15 97. Narra breached his duties by neglecting to require Indyzen to provide Parkridge with
16 presentations and updates during Phase I and Phase II development, which would have been in
17 Parkridge's best interests.
18

19 98. Narra further breached his duties by acting in bad faith and failing in his duty as
20 Parkridge's CTO, to advise Dobson to perform acceptance testing during Phase I and Phase II of the
21 Morfit App development, which would have been in Parkridge's best interests.
22

23 99. Narra also breached his duties by acting against Parkridge's best interests by
24 representing to Dobson that the Morfit App met the Agreement's specifications in order to induce
25 Dobson to give quality and acceptance approval.

26 100. Narra failed to act in the best interest of Parkridge, and instead acted in his own
27 interest, as CEO of Indyzen, and in the interests of Indyzen.
28

1 101. Narra knowingly and intentionally acted in the sole pursuit of his personal interest
2 and for the purpose of furthering Indyzen's welfare.

3 102. Narra did not act in order to achieve any benefit for Parkridge in either the short term
4 or long term.

5 103. Narra's actions were adverse to Parkridge's interests.

6 104. Narra engaged in self-dealing, did not act in good faith, and failed to exercise a
7 reasonable amount of prudence and care as CTO, and therefore Narra breached his respective
8 fiduciary duties to Parkridge.
9

10 105. Parkridge has been substantially damaged as a direct and proximate result of the
11 breaches of fiduciary duties by Narra.

12 106. Accordingly, Plaintiff Parkridge is entitled to judgment against Narra in an amount
13 to be determined at trial, including but not limited to the amount of harm incurred by Parkridge as a
14 result of the Agreement and the breach of fiduciary duties by Director and CTO Narra.
15

16 **COUNT II**
17 **AIDING AND ABETTING**
18 **BREACH OF FIDUCIARY DUTY UNDER CALIFORNIA LAW**

19 107. Parkridge and Mak incorporate the allegations from the preceding paragraphs 1-106
20 as if fully set forth herein.

21 108. Narra owed Parkridge fiduciary duties of good faith, care, and loyalty.

22 109. As alleged above, Narra breached his respective duties of good faith, care, and
23 loyalty.

24 110. Narra was a founder, CEO, and member of Indyzen's board of directors at the time
25 he was also Parkridge's CTO.

26 111. There exists a unity of interest between Narra and Indyzen such that any
27 individuality and separation between them has ceased to exist.
28

1 112. Given this relationship, Indyzen knew or should have known of Narra's service as
2 Parkridge's CTO and director in 2015 and 2016 and that Narra had the fiduciary duties alleged
3 above.

4 113. Given this relationship, Indyzen knew or should have known Narra was interested in,
5 and/or lacked independence with respect to Parkridge.

6 114. Given this relationship, Indyzen knew or should have known that Narra had a
7 fiduciary duty to represent the interests of Parkridge to the exclusion of other interests, and that
8 Narra separately had duties to Parkridge that were different from and inconsistent with Narra's
9 duties to Indyzen.
10

11 115. Indyzen knew or should have known that Narra had an interest in obtaining the
12 highest Agreement price possible, and that this interest was inconsistent with Parkridge's interest.

13 116. Indyzen knowingly exploited these conflicts of interest and substantially participated
14 in the breaches of fiduciary duty.
15

16 117. Indyzen participated in Narra's breaches by proposing terms for the Agreement,
17 despite knowing it could not successfully meet those terms, or by negligently or recklessly
18 representing that it could successfully meet those terms.

19 118. Indyzen also participated in Narra's breaches by concealing its lack of qualifications
20 and inability to meet the functional specifications and deadlines set by the Agreement and discussed
21 by the parties.
22

23 119. Indyzen further participated in Narra's breaches by proposing an inflated Agreement
24 price that was detrimental to the interests of Parkridge.

25 120. Furthermore, Indyzen participated in Narra's breaches by continuing its routine
26 operations, which constituted substantial participation in Narra's breaches of fiduciary duties and
27 acted to further Narra's breaches.
28

1 127. As a director and CTO at Parkridge, Narra had a duty of care to act in good faith in
2 the interest of the company as may reasonably be expected of a director carrying out the functions
3 of a company with his unique general knowledge, skill, and experience.

4 128. As director and CTO of Parkridge, Narra had a duty of skill to exercise his powers
5 for the proper purpose, as may reasonably be expected of a director carrying out the functions of a
6 company with his unique general knowledge, skill, and experience.

7 129. As director and CTO of Parkridge, Narra was obligated by his duty of diligence to
8 avoid conflicts of duty and interest that he may possess that are not shared by Parkridge generally,
9 as may reasonably be expected of a director carrying out the functions of a company with his unique
10 general knowledge, skill, and experience.

11 130. Narra controlled and was founder and CEO of Indyzen, which entered into an
12 Agreement with Parkridge on January 5, 2015, to build the Morfit App.

13 131. As a result, Narra was interested in, and failed to act independently with respect to,
14 the Agreement between Indyzen and Parkridge.

15 132. Narra failed to exercise the necessary care, and breached his respective duties of
16 reasonable care, skill, and diligence.

17 133. Narra breached his duties by engaging in self-dealing by advocating for and
18 facilitating consummation of the Agreement with Indyzen even though it favored interests
19 (including his own) other than those of Parkridge, which he was obligated as its CTO to serve.

20 134. Narra also breached his duties by engaging in self-dealing by representing to
21 Parkridge, which he was obligated as its CTO to serve, that Indyzen had the skills and know-how to
22 successfully develop the Morfit App when it did not.

23 135. Narra additionally breached his duties by engaging in self-dealing by representing to
24 Parkridge, which he was obligated as its CTO to serve, that the price Indyzen offered was the best
25

1 possible value for the Morfit App, despite knowing, as someone with Narra's technical skills,
2 knowledge, and experience would know, that the Morfit app could be built at a lower price.

3 136. Narra further breached his duties by engaging in self-dealing by representing to
4 Parkridge, which he was obligated as its CTO to serve, that Indyzen would make the Morfit App
5 operational in time for Parkridge's planned launch, when he either knew Indyzen could not do so or
6 had no reasonable basis for believing Indyzen could do so.

7 137. Additionally, Narra breached his duties by designing the Agreement to benefit
8 himself and his company, and not in a genuine effort to advance the welfare of Parkridge.
9

10 138. Furthermore, Narra breached his duties by acting in bad faith and failing in his duty,
11 as Parkridge's CTO, to make a reasonable inquiry about other entities, aside from his own, that
12 could successfully build the Morfit App at a lower price.

13 139. Narra also breached his duties by neglecting to require Indyzen to provide Parkridge
14 with presentations during Phase I and Phase II development, which would have been in Parkridge's
15 best interests.
16

17 140. Narra breached his duties by acting in bad faith and failing in his duty, as Parkridge's
18 CTO, to advise Dobson to perform acceptance testing during Phase I and Phase II of the Morfit App
19 development, which would have been in Parkridge's best interests.

20 141. Narra also breached his duties by acting against Parkridge's best interests by
21 representing to Dobson that the Morfit App met the Agreement's specifications in order to induce
22 Dobson to give quality and acceptance approval.
23

24 142. Narra breached his duty to declare his material interests in a transaction, arrangement
25 or contract and/or proposed transaction, arrangement or contract when he failed to declare to
26 Parkridge directors that he had a material interest in Parkridge's Agreement with Indyzen, and that
27 he would benefit directly from such Agreement.
28

1 143. Narra failed to act in the best interest of Parkridge, and instead acted in his own
2 interest, as CEO of Indyzen, and in the interests of Indyzen.

3 144. Narra knowingly and intentionally acted in the sole pursuit of his personal individual
4 interest and for the purpose of furthering Indyzen's welfare.

5 145. Narra did not act in order to achieve any benefit for Parkridge in either the short or
6 long term.

7 146. Narra abused his position and engaged in actions that did not confer any benefit upon
8 Parkridge and that could never have conferred any benefit upon Parkridge.

9 147. Narra's actions were adverse to Parkridge's interests and he acted in service of
10 interests wholly separate and distinct from those of Parkridge, which he was obligated, as its CTO,
11 to serve.
12

13 148. Narra failed to act in the interests of Parkridge, failed to exercise his powers as CTO
14 for the proper purpose, failed to avoid conflicts of duty and interest between Parkridge and Indyzen,
15 and failed to declare his material interests in the Agreement to Parkridge directors; Narra therefore
16 breached his respective fiduciary duties to Parkridge.
17

18 149. Parkridge has been substantially damaged as a direct and proximate result of the
19 breaches of fiduciary duties by Narra.

20 150. Accordingly, Plaintiff Parkridge is entitled to judgment against Director and CTO
21 Narra in an amount to be determined at trial, including but not limited to the damages incurred by
22 Parkridge as a result of the Agreement and the breaches of fiduciary duties by Narra.
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COUNT IV
BREACH OF CONTRACT, INCLUDING BREACH
OF THE COVENANT OF GOOD FAITH AND FAIR DEALING

151. Parkridge and Mak incorporate the allegations from the preceding paragraphs 1-150 as if fully set forth herein.

152. The parties negotiated and signed a contract for the development of the Morfit App in 2015.

153. The Agreement, entered into between Parkridge and Indyzen on January 5, 2015, was and is a binding and enforceable agreement, supported by mutual assent and consideration.

154. Parkridge performed and continues to perform all of its obligations under the Agreement, except as performance thereof has been excused by the acts, conduct and/or omissions of Indyzen.

155. Indyzen breached the Agreement by failing to meet the functional specifications set in the Agreement.

156. Indyzen further breached the Agreement by failing to provide the Morfit App in time for Parkridge's launch.

157. Indyzen also breached the Agreement by withholding delivery of the Morfit App despite having been paid by Parkridge.

158. These actions by Indyzen constitute a breach of the duty of good faith.

159. Parkridge has been substantially damaged as a result of these breaches because Parkridge experienced damages for the delay in the released app and lost opportunity.

160. Accordingly, Plaintiff Parkridge is entitled to recover damages from Indyzen in an amount to be determined at trial, and is entitled to reasonable sums for attorneys' fees in the discretion of the Court.

1 the usual price of Phase I development was \$420,000 and that \$120,000 was the steeply discounted
2 price he would offer Parkridge.

3 169. In reality, Narra knew that even \$120,000 for Phase I development was a “substantial
4 rip off” and that the same generic application could be developed for a much lower price.

5 170. In order to further induce Parkridge into executing the Agreement with Indyzen,
6 Narra also misrepresented that Indyzen could build the Morfit App to meet certain functional
7 specifications desired by Parkridge, despite knowing that Indyzen did not have the skills, resources
8 or know-how to do so.

9 171. In order to induce Parkridge into executing the Agreement with Indyzen, Narra
10 further represented that Indyzen could successfully develop the Morfit App in time for Parkridge’s
11 launch, when Narra knew it could not and had no reasonable basis for believing Indyzen could do
12 so.
13

14 172. In order to induce Parkridge into executing the Agreement with Indyzen, Narra
15 further misrepresented that Indyzen was the best possible value for software development services,
16 despite knowing it was not.
17

18 173. Narra’s and Indyzen’s affirmative representations that it could and would build the
19 Morfit App successfully at a lower price than other companies, in time for Parkridge’s launch, and
20 that Indyzen was the best possible value for software development services, were representations
21 that Parkridge considered important in its choice of contractors.
22

23 174. Because Parkridge relied substantially on Narra’s misrepresentations in choosing to
24 contract with Indyzen, Narra’s misrepresentations were material.

25 175. Narra’s misrepresentations were false because Indyzen did not have the resources,
26 skills, or know-how to develop the Morfit App in accordance with Parkridge’s functional standards,
27 time restraints, and/or specifications.
28

176. Narra's representations were also false because \$120,000 was not a discount and/or was not lower than the usual cost of developing such an application.

177. As CEO of Indyzen, Narra controlled Indyzen and accordingly, at the time he made the misrepresentations, he knew and/or had no reasonable ground to believe that Indyzen was the best possible value for software development services.

178. Narra intended to induce Parkridge to contract with Indyzen so that he, as CEO of Indyzen, and Indyzen, his company, could profit from the Agreement with Parkridge, to the detriment of Parkridge.

179. At the time that Narra misrepresented that Indyzen was the best value for software development, Narra intended to make a substantial profit by overcharging Parkridge for an inferior application.

180. Parkridge was unaware Narra's representations were false, and justifiably relied upon Narra's assurances when it agreed to contract with Indyzen and subsequently signed the Agreement with Indyzen.

181. Narra's fraudulent misrepresentations are the direct and proximate cause of Parkridge's injuries.

182. Accordingly, Plaintiff Parkridge is entitled to judgment against Narra in an amount to be determined at trial, including but not limited to the amount of harm incurred by Parkridge as a result of the Agreement and Narra's fraudulent misrepresentations.

COUNT VII FRAUDULENT CONCEALMENT

183. Parkridge and Mak incorporate the allegations from the preceding paragraphs 1-182 as if fully set forth herein.

1 184. By virtue of the fiduciary relationship that existed between Parkridge and Narra, and
2 the fact that Narra had superior expertise and knowledge about the development of the Morfit App,
3 that Narra planned the Agreement between Parkridge and Indyzen, and assisted in organizing the
4 deal, and the relationship of trust and confidence that existed between Parkridge and Narra, and that
5 Narra knew Parkridge was acting upon his guidance, Narra had an obligation to disclose to
6 Parkridge all material information and all matters necessary to make his representations not
7 misleading regarding the Agreement.
8

9 185. Beginning on or about January 1, 2015, and January 5, 2015, Narra had
10 communications with Parkridge concerning contracting with Indyzen for the Morfit App
11 development. Narra nevertheless failed to disclose material information to Parkridge about the deal
12 and also failed to disclose matters necessary to make other representations he had made not
13 misleading.
14

15 186. Narra concealed that \$120,000 was not a discount price for Phase I development of
16 the Morfit App.

17 187. Narra also concealed that an application similar to Parkridge's could be developed at
18 a lower price than the one offered by Indyzen.

19 188. Narra concealed that Indyzen did not have the skills, resources and know-how to
20 build the Morfit App in line with Parkridge's time constraints and/or functional specifications.

21 189. Narra further concealed that Indyzen was not the best possible value for software
22 development services.
23

24 190. Additionally, Narra concealed that he did not have a good faith basis for advising
25 Parkridge to contract with Indyzen for development of the Morfit App.

26 191. At the time that Narra concealed and/or failed to disclose the above-described facts
27 to Parkridge, he knew that the facts existed and deliberately concealed them from Parkridge.
28

1 192. Narra knew that these facts were not known to Parkridge and were not reasonably
2 discoverable by Parkridge because Parkridge did not have access to this information personally, but
3 instead relied upon Narra, as its CTO, to relay such information to Parkridge.

4 193. The suppression and concealment of the above-described facts misled Parkridge to
5 enter into an Agreement with Indyzen for the development of the Morfit App.

6 194. Parkridge, at the time these failures to disclose and suppression of facts occurred,
7 and at the time Parkridge took the actions alleged above, was ignorant of the existence of the facts
8 that Narra suppressed and failed to disclose.

9 195. Had Parkridge been aware of the existence of the facts not disclosed by Narra,
10 Parkridge would not have entered into the Agreement with Indyzen.

11 196. As a direct and proximate result of the fraudulent conduct of Narra as alleged herein,
12 Plaintiff was induced to pay \$420,000 in the deal and thereafter lost that sum when Indyzen
13 wrongfully withheld the deliverables for which Parkridge paid.

14 197. Narra intentionally concealed the above material facts known to Narra and made the
15 above mentioned misrepresentations with the intention of depriving Parkridge of its funds and the
16 application, and Plaintiff Parkridge is therefore entitled to an award of punitive damages.

17
18
19 **REQUEST FOR RELIEF**

20 WHEREFORE, Plaintiffs Parkridge and Mak respectfully request that this Court:

- 21 1. Enter judgment in favor of Parkridge on each of its claims;
22 2. Award Parkridge damages, actual, special, compensatory, exemplary and/or punitive, in
23 an amount of U.S. \$2.8 million, or in such other amount as is proven at trial;
24 3. Enjoin Indyzen from distributing, releasing, or selling the Morfit App or Parkridge's
25 Intellectual Property;
26 4. Order Indyzen to provide Parkridge the Morfit App and its Intellectual Property;
27
28

- 1 5. Award Parkridge all of its costs and reasonable attorneys' fees in this action as
- 2 authorized by the Agreement and other applicable laws; and
- 3 6. Grant to Parkridge such other relief as may be just and warranted under the
- 4 circumstances.

5 **JURY DEMAND**

6 Plaintiffs Parkridge and Mabel Mak demand a jury trial on all issues so triable.

7
8 DATED: December 29, 2016

Respectfully submitted,

9
10 \By: /s/ *David Alan Makman* /s

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16 .

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